



California High-Speed Rail: Financial Reports Executive Summary

June 2016

Executive Summary for June-2016

Accounts Payable Aging Report

	Prior Year	Current Year	Current Year
	June-2015	May-2016	June-2016
Total Aged Invoices (\$ millions)	\$0	\$1.7	\$5.7
Forecast Balance Pending FRA Approval	\$0	\$0	\$0

- Overall expenditures have increased significantly from the previous year. Last year's expenditures for Year To Date (YTD) June-2015 were \$21M for Administrative Budget and \$218M for Capital Outlay Budget. Expenditures for current year YTD June-2016 are \$24M for Administrative Budget and \$624M for Capital Outlay Budget.

Issue:

- An invoice for \$5.7M was received on January 16. Payment was due on March 6. The invoice was partially disputed and paid two days late on March 8. Penalties of \$409.22 were incurred and paid to the vendor on May 10.

Cash Management Report

	Prior Year	Current Year	Current Year
(\$ millions)	June-2015	May-2016	June-2016
Prop 1A Bond Fund Ending Cash Balance	\$5	\$4	\$49
Cap and Trade Ending Cash Balance	N/A	\$728	\$694

- Bond sales for Proposition 1A occur in Spring and Fall. HSR received \$45M from the April-2015 bond sale and \$56M from the April-2016 bond sale. The low burn rate for Proposition 1A cash is due to a focus on spending Federal Funds first for Project Development. Uses of Proposition 1A include the Administrative Budget and Project Development costs not eligible for Federal Funds such as Phase II and Federal entities.
- Prop 1A cash balance is \$49M for the June-2016 report, compared to \$4M for the May-2016 report. Commercial paper was issued on April 6, 2016 for \$10M.
- The May-2016 Cap and Trade cash balance was \$728M. The June-2016 Cap and Trade cash balance of \$694M reflects \$79M in expenditures, and \$46M in reimbursements from FRA.

Note: Proposition 1A cash needs can be met by commercial paper, which is issued by the State Treasurer's Office (STO) the last week of each month. The requesting agency must request commercial paper from STO at least one week before that last week.

Executive Summary for June-2016

Executive Budget Summary

	Prior Year	Current Year	Current Year
	June-2015	May-2016	June-2016
Monthly Expenditures (\$ thousands)	\$2,424	\$2,685	\$2,865
Percentage of Budget Expended Year to Date (YTD)	66%	52%	59%
Percentage of Personal Services Budget Expended YTD	75%	60%	67%
Total Positions Authorized	209	220	220
Vacancy Rate	27%	13%	12.3%

- ▶ For YTD June-2016, 59% of the Administrative Budget (Personal Services Budget plus Operating Expenses and Equipment Budget) has been expended with 83% of the Fiscal Year completed, compared to 52% the previous month. This is lower than the previous year's 66% due to a lag in submitted invoices for Interagency work and the timing of budget increases for new positions.
- ▶ The percentage of Personal Services Budget Expended is 67% for Year to Date (YTD) June-2016, lower than the 75% for prior year YTD June-2015 since the budget increased at a faster rate than expenditures between years due to the methodology of adding budget for new positions.
 - ▶ The Personal Services budget for FY 15/16 includes budget for 219 positions (174 + 35 + 10 positions full year). The Personal Services budget for FY 14/15 included budget for 182.8 positions (174 + 8.8 equivalent positions due to mid year implementation), although the Authority recognized the full 35 positions in the position count (174 + 35 = 209).
- ▶ Vacancy rate history:
 - ▶ June-2015 vacancy rate was 27% (56.5 vacant positions out of 209 total positions). The 27% vacancy rate was due to 35 new positions added in March-2015. (Prior to the new positions, February-2015 vacancy rate was 14.9%).
 - ▶ May-2016 vacancy rate was 13% (29 vacant positions out of 220 total positions).
 - ▶ June-2016 vacancy rate is 12.3% (27 vacant positions out of 220 total positions); 1 of the 27 vacancies is a new position.
 - ▶ The statewide vacancy rate is 13.6%.

Issue: 1. The Administrative Office is \$262k over its General Office Expense annual budget of \$100k mainly due to the purchase of the Team Insights Online Portal software subscription for \$240k. Although General Office Expense is over budget, the Administrative Office expense forecast of \$8.7M for the year is within the budget of \$9.0M for FY 2015-16.

2. Audits Office expense forecast of \$933k is \$81k over the budget of \$856k for the year due to a full time blanket that was not budgeted. Over all, the Authority is still within budget.

Executive Summary for June-2016

Capital Outlay Budget Summary

	Prior Year June-2015	Current Year May-2016	Current Year June-2016
Budget (Fiscal Year) (\$ millions)	\$479	\$1,875	\$1,875
Monthly Expenditures (\$ millions)	\$19	\$84	\$87
Percentage of Budget Expended Year to Date	46%	29%	33%

- ▶ Capital Outlay expenditures were \$87M for June 2016 which included Project Development (\$9M), Right of Way (\$34M), Design Build Contract Work (\$35M), Third Party Contract Work (\$2M) and Program Management and other expenses (\$7M).
- ▶ The current Capital Outlay budget for FY 2015-16 is \$1.875B, compared to the \$479M budget for FY 2014-15. The budget increase was due to Right of Way acquisition and construction activities.

Issue: The program will rebaseline the budget in the coming months. The rebaseline is expected to address line items that are over budget due to funding or budget allocation issues. (See Capital Outlay Report, page 3)

Total Project Expenditures with Forecasts

Program Total by Fund Type	2006-2016
State Funds ¹	\$705
Federal Funds ²	\$1,163
TOTAL	\$1,868
(\$ millions)	

State Match to ARRA (Federal Funds)	
FY2010 - FY2013 ³	\$102
FY2014 - FY2015 ⁵	\$171
FY2015-FY2016	\$6
TOTAL (to date) ⁴	\$280
(\$ millions)	

State Match Liability	
Federal Funds	\$1,163
State Match to ARRA	\$280
Tapered Federal Funds ⁶	\$883
(\$ millions)	

- ▶ ¹ Prop 1A, Public Transportation Account (PTA), State Highway, Cap and Trade funds; ² Federal funds since FY 2010-11; ³ State paid amount as of FY 2013-14; ⁴ State-match to ARRA funds; ⁵ The State Match to ARRA total for FY2014-15; ⁶ Tapered Federal Funds is the amount that the state will expend to meet the Federal requirements. This will be satisfied with Proposition 1A and Cap and Trade expenditures.
- ▶ The Federal Funds total for June-2016 is \$1.163B, an increase of \$116M from the \$1.047B for May-2016. As a result, Tapered Federal Funds increased from \$773M in May-2016 to \$883 in June-2016.
- ▶ **Issue:** The ARRA Grant expires 9/30/2017. 49% of the ARRA grant (\$1.25B of \$2.55B total) has been spent.

Executive Summary for June-2016

Contracts and Expenditures Report

	Prior Year	Current Year	Current Year
	June-2015	May-2016	June-2016
Number of Contracts	255	247	259
Total Value of Contracts (\$ millions)	\$2,432.5	\$4,146.5	\$4,591.4
Small Business Utilization Rate	18.42%	16.86%	17.81%

- ▶ The Small Business Utilization Rate was 16.19% in Feb-2015, which was the start of Small Business Utilization Rate reporting. The Small Business Utilization Rate increased from 16.86% from the May-2016 report to 17.81% for the June-2016 report.
- ▶ The Authority has a small business utilization goal of 30% per the Small and Disadvantaged Business Enterprise Policy from Aug-2012. All subsequent contracts and amendments include the small business goal. Small business utilization percentages reflect invoices received to date. Exempt contracts such as Third Party utilities or interagency agreements are excluded. This percentage represents the monthly total dollar amount that went to small business divided by the monthly invoice total.

Issue: Over time, the small business utilization rate is expected to increase as construction activity progresses.

Projects & Initiatives Report

	Prior Year	Prior Month	Current Month
	June-2015	May-2016	June-2016
■ Satisfactory	7	1	2
◆ Caution	-	11	11
● Escalate	-	-	-
★ On hold	1	-	-
Total	8	12	13

- ▶ Hiring and Staffing for FY 15/16 continues as a Caution item.

Issue: Two projects have delayed projected end dates:

1. ROW Management System: moved from 10/21/2016 to 12/29/2016
2. PMIS Cost Management System: moved from 1/5/2017 to 2/21/2017

- One project has been added to the June-2016 report: Right of Way (ROW) Management System - geoAmps